

MAR-MAC UNIFIED LAW ENFORCEMENT DISTRICT

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

June 30, 2008

MAR-MAC UNIFIED LAW ENFORCEMENT DISTRICT

Table of Contents

	<u>Page</u>
Officials	3
Independent Auditor's Report	4-5
Management's Discussion and Analysis	6-9
	<u>Exhibit</u>
Basic Financial Statements	
Government-wide Financial Statement:	
Statement of Activities and Net	
Assets-Cash Basis	A 11
Governmental Fund Financial Statement:	
Statement of Cash Receipts, Disbursements	
and Changes in Cash Balances	B 12
Notes to Financial Statements	13-16
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts,	
Disbursements and Changes in Balances-Budget	
and Actual (Cash Basis)-All Governmental Funds	18
Notes to Required Supplementary Information-	
Budgetary Reporting	19
Independent Auditor's Report on	
Internal Control over Financial Reporting and	
on Compliance and Other Matters	20-22
Schedule of Findings	23-24

MAR-MAC UNIFIED LAW ENFORCEMENT DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Robyn Denning	Chairperson	Jun. 30, 2009
Norbert Hammes	Vice-chairperson	Ineligible Jan. 1, 2008
Joe Muehlbauer	Vice-chairperson	Jun. 30, 2009
Tracy Melder	Public Safety Commissioner	Jun. 30, 2009
Roger Knott	Public Safety Commissioner	Jun. 30, 2008
Jim Meana	Public Safety Commissioner (installed Jan 3, 2008)	Jun. 30, 2008
Steve McCorkindale	Attorney	Indefinite
Kris Eulberg	Secretary/Treasurer	Indefinite

# Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN S. CLAUSEN, CPA

124A Main • P.O. Box 359

Elkader, Iowa 52043

(563) 245-2154 • (800) 310-2154

## INDEPENDENT AUDITOR'S REPORT

To the Public Safety Commission  
of the Mar-Mac Unified Law Enforcement District

We have audited the accompanying financial statements of the governmental activities and the major fund of the Mar-Mac Unified Law Enforcement District (a 28E Organization) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of the Mar-Mac Unified Law Enforcement District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and the major fund of Mar-Mac Unified Law Enforcement District as of June 30, 2008, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated October 8, 2008 on our consideration of the Mar-Mac Unified Law Enforcement District's internal control over financial reporting, and our tests of its compliance with certain laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 9 and 18 through 19 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Elkader, Iowa

October 8, 2008

  
Dietz, Donald & Company, CPAs  
FEIN 42-1172392



# Mar-Mac Unified Law Enforcement District

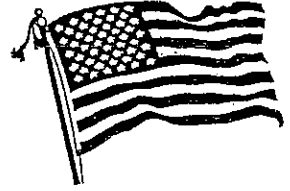
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ORI IA 0220400

*Serving the Communities of Marquette and McGregor*



## MANAGEMENT'S DISCUSSION AND ANALYSIS

Mar-Mac Unified Law Enforcement District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2008 FINANCIAL HIGHLIGHTS

Receipts of the District's governmental activities increased 9.8%, or approximately \$ 22,000. Payments from the two participating cities increased approximately \$ 24,500.

Disbursements increased 22.6%, or approximately \$ 45,800 in fiscal 2008 from fiscal 2007. Disbursements for personal services increased by approximately \$ 15,800, capital outlay disbursements increased approximately \$ 13,500 and disbursements for material and services increased \$ 16,500.

The District's total cash basis net assets decreased 2.4%, or approximately \$ 1,400 from June 30, 2007 to June 30, 2008.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the District as a whole and presents an overall view of the District's finances.

The Fund Financial Statement tells how governmental services were financed in the short term as well as what remains for future spending. The fund financial statement reports the District's operations in more detail than the government-wide statement.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

#### Basis of Accounting

The District maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the District are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the fund in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

### REPORTING THE DISTRICT'S FINANCIAL ACTIVITY

#### Government-wide Financial Statement

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the District's net assets. Over time, increases or decreases in the District's net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities and Net Assets presents the District's one governmental activity, public safety.

#### Fund Financial Statement

The District has only one fund, which is a governmental fund. This focuses on how money flows into and out of that fund, and the balance at the year-end that is available for spending. The governmental fund financial statement provides a detailed, short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The required financial statement for the governmental fund includes a statement of cash receipts, disbursements and change in cash balance.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The District's cash balance decreased slightly from a year ago, decreasing from \$ 58,400 to \$ 57,000. The analysis that follows focuses on the change in cash balance for governmental activities.

### Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)

	<u>Year Ended June 30,</u>	
	<u>2008</u>	<u>2007</u>
Receipts:		
Program receipts:		
Charges for service	\$ 236	211
Operating grants and contributions	7	11
General receipts:		
Unrestricted investment earnings	1	1
Sale of assets	1	0
Miscellaneous	1	2
Total receipts	246	225
Disbursements:		
Public safety	248	202
Change in cash basis net assets	(2)	23
Cash basis net assets beginning of year	59	36
Cash basis net assets end of year	<u>\$ 57</u>	<u>59</u>

## GOVERNMENTAL FUND ANALYSIS

As Mar-Mac Unified Police District completed the year, its governmental fund reported a balance of \$ 57,015 a decrease of nearly \$ 1,400 from last year's total of \$ 58,415. The following are the major reasons for the change in fund balances:

The District assessments to the cities of McGregor and Marquette were \$ 24,500 more than in 2007. Compensation to employees, including benefits and payroll taxes increased approximately \$ 15,800 to \$ 164,392. Operating grants and contributions decreased by nearly \$ 3,800 to \$ 7,041.



## BUDGETARY HIGHLIGHTS

The District did not amend its budget during the year. Actual disbursements were \$ 4,500 less than the amount budgeted. This amount has been allocated as an equipment reserve fund. Additionally the District spent unbudgeted reserve money of approximately \$ 17,300.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Mar-Mac Unified Law Enforcement District's appointed officials and citizens considered many factors when setting the fiscal year 2009 budget and assessments that will be charged to Marquette and McGregor for police protection.

Budgeted disbursements for 2009 are \$ 235,006, nearly identical to the 2008 budget. Marquette's share of the 2009 budget will be \$ 152,754 and McGregor's share will be \$ 82,252. The District has added no major new programs or initiatives to the 2009 budget.

If these estimates are realized, the budgeted cash balance is expected to increase by \$ 10,000 by the close of 2009.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers of Marquette and McGregor with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Kris Eulberg, Secretary/Treasurer, 126 First Street, McGregor, Iowa.

## BASIC FINANCIAL STATEMENTS

MAR-MAC UNIFIED LAW ENFORCEMENT DISTRICT  
 STATEMENT OF ACTIVITIES AND NET ASSETS-CASH BASIS  
 As of and for the Year Ended June 30, 2008

	<u>Program Receipts</u>			<u>Net</u>
	<u>Charges</u>	<u>Operating Grants,</u>	<u>Contributions</u>	<u>Receipts</u>
	<u>for</u>	<u>and Restricted</u>	<u>and Restricted</u>	<u>and Changes</u>
	<u>Service</u>	<u>Interest</u>		<u>in Cash Basis</u>
	<u>Disbursements</u>			<u>Net Assets</u>
Function/Programs:				
Governmental				
activities:				
Public safety	\$ 248,091	236,558	7,041	(4,492)
General Receipts:				
Unrestricted interest				849
on investments				
Sale of supplies and				1,108
equipment				
Miscellaneous				<u>1,135</u>
Total general receipts				<u>3,092</u>
Change in cash basis				
net assets				(1,400)
Cash basis net assets				
beginning of year				<u>58,415</u>
Cash basis net assets				
end of year				<u>\$ 57,015</u>

See notes to financial statements.

MAR-MAC UNIFIED LAW ENFORCEMENT DISTRICT  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
GOVERNMENTAL FUND

As of and for the Year Ended June 30, 2008

Receipts:

Use of money and property	\$ 849
Intergovernmental	241,267
Miscellaneous	<u>4,575</u>

Total receipts	<u>246,691</u>
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Disbursements:

Operating:	
Personal services	164,392
Material and services	57,764
Capital outlay	<u>25,935</u>

Total disbursements	<u>248,091</u>
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Net change in cash balances	(1,400)
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Cash balance beginning of year	<u>58,415</u>
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Cash balance end of year	<u>\$ 57,015</u>
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See notes to financial statements.

MAR-MAC UNIFIED LAW ENFORCEMENT DISTRICT  
Notes to Financial Statements  
June 30, 2008

**(1) SUMMARY OF SIGNIFICANT ACCOUNT POLICIES**

The Mar-Mac Unified Law Enforcement District is a political subdivision of the State of Iowa located in Clayton County. It was first incorporated in 1999 and operates under Chapter 28E of the Code of Iowa. The District is governed by a five member board known as the Mar-Mac Public Safety Commission. The cities of Marquette and McGregor each appoint two commissioners, who are persons currently serving as either Mayor or Council Member of the City making the appointment. The appointments are made by the Mayor, subject to approval by a majority vote of the Council; provided, however, that if the Mayor appoints himself/herself as a commissioner, approval by the Council is not required. One commissioner is appointed by the Board of Directors of McGregor Hook and Ladder Company No. 1 (MHLIC), who is a resident of the Fire District served by MHLIC and is not the Mayor, member of the City Council, or an employee of either City. The District provides police protection and law enforcement services to the citizens of the Cities of Marquette and McGregor.

**A. Reporting Entity**

For financial reporting purposes, the Mar-Mac Unified Law Enforcement District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on the organization or (2) the potential for the organization to provide specific financial burdens on the District. The Mar-Mac Unified Law Enforcement District has no component units which meet the Governmental Accounting Standards Board criteria.

**B. Basis of Presentation**

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the activities of the District and presents all of the District's cash basis net assets. All of the District's net assets are unrestricted, which

means that no constraints have been placed on net asset use, either externally imposed or imposed by law through constitutional provisions or enabling legislation. The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Investment income not properly included among program receipts is reported instead as a general receipt.

Fund Financial Statement - A separate financial statement is provided for the governmental fund. The District's only governmental fund is the General Fund. The General Fund is the general operating fund of the District. All receipts from the two participating cities and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

C. Measurement Focus and Basis of Accounting

The Mar-Mac Unified Law Enforcement District maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the District are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the fund in accordance with U.S. generally accepted accounting principles.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) **CASH AND POOLED INVESTMENTS**

The District's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidence of

deposit at federally insured depository institutions approved by the Public Safety Commission; prime eligible bankers acceptances; certain high rated commercial paper, perfected repurchase agreements; certain registered openend management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District has no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

### **(3) PENSION AND RETIREMENT BENEFITS**

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries, IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to: IPERS; P.O. Box 9117; Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 3.90% of their annual covered salary and the District is required to contribute 6.05% of covered salary. Certain employees in special risk occupations, such as police, and the District contribute an actuarially determined contribution rate.

Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$ 9,340, \$ 8,973 and \$ 10,095 respectively, equal to the required contributions for each year.

### **(4) COMPENSATED ABSENCES**

District employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the District, until used or paid.

The District's approximate liability for earned vacation and compensatory hours payable to employees at termination at June 30, 2008, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 4,200
Compensatory hours	<u>2,400</u>
Total	<u>\$ 6,600</u>

This liability has been computed on rates of pay in effect at June 30, 2008.

**(5) RISK MANAGEMENT**

The Mar-Mac Unified Law Enforcement District is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

**(6) NON-CASH TRANSACTIONS**

On December 1, 1999, the inventories of equipment and other tangible personal property devoted to the use of the police department of Marquette and McGregor were transferred, without consideration, by the Cities to the District for use in the performance of the duties and functions of the District. Following the transfers, the Commission has sole discretion and responsibility regarding the use, retention, maintenance and disposition of such assets; provided, however, that no tangible asset of the District may be disposed of except in exchange for fair market value and any consideration received by the District upon any disposition of assets shall be retained and reported to both Cities.

**(7) LEASE AGREEMENT**

The police station facilities in Marquette are being leased by the City to the District for the sum of \$ 1 per year. The District shall be responsible for all interior maintenance of such facilities and the City shall be responsible for exterior maintenance, including snow removal. All necessary heat, electricity, water, and sewer utility services shall be provided by the City, without charge, to the District. Said lease shall automatically terminate without need for notice upon termination of the 28E agreement.



## Required Supplementary Information

MAR-MAC UNIFIED LAW ENFORCEMENT DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
OF RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -  
BUDGET AND ACTUAL CASH BASIS  
REQUIRED SUPPLEMENTARY INFORMATION  
Year Ended June 30, 2008

	Actual	Budgeted Amount	Budgeted Amount to Actual Variance
Receipts:			
Use of money and property	\$ 849	-	849
Intergovernmental	241,267	235,260	6,007
Miscellaneous	4,575	-	4,575
Total receipts	246,691	235,260	11,431
Disbursements:			
Public safety	248,091	253,467	5,376
Excess (deficiency) of receipts over (under) disbursements	(1,400)	(18,207)	16,807
Balances beginning of year	58,415	36,048	22,367
Balances end of year	\$ 57,015	17,841	39,174

See accompanying independent auditor's report.

MAR-MAC UNIFIED LAW ENFORCEMENT DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY REPORTING  
June 30, 2008

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund.

In accordance with the 28E agreement creating the Mar-Mac Unified Law Enforcement District, the Cities shall appropriate and pay to the District each fiscal year sums equal to the following percentages of the District's budget for the year: Marquette, 65%; McGregor, 35%, to the extent funds are not made available to the District from other sources. Each City shall pay to the District one-fourth of the City's share of the budget amount on or before July 10, October 10, January 10, and April 10 each year. On or before November 1 of each year during the term of this agreement, the Commission shall adopt and submit to each City a proposed budget for the next fiscal year. The proposed budget shall set forth the total dollar amount to be appropriated to the District by each City. The Council of each City shall then consider and either approve or reject said budget request, by no later than January 1. If either Council fails to approve the budget request by January 1, the two City Councils and the Commission shall meet in joint session during January to discuss and negotiate concerning the budget for the next fiscal year. At such time, the Commission may amend its budget request but the proportional contribution by each City shall not be altered. If the Commission and both City Councils fail to agree upon and approve a budget for the next fiscal year by February 1, the 28E agreement automatically terminates.

The District shall have full authority to apply for and receive grants for law enforcement purposes, but no such grants shall obligate the District or either City to contribute or expend non-grant monies beyond amounts included in an approved budget. A budget proposed by the District may include a sum to be set aside and accumulated in an equipment purchase fund to be expended in a subsequent year. Any budget surplus shall be carried over and used to reduce payments by the Cities for the next fiscal year's budget.

The District shall have no power to impose any tax of any nature, nor pledge the credit of either City, nor incur any debt or other financial obligation, the payment of which has not been provided for in the current or an approved future budget; provided, however, that this restriction shall not prevent the District from entering into equipment service and maintenance contracts.

# Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Public Safety Commission  
of the Mar-Mac Unified Law Enforcement District:

We have audited the accompanying financial statements of the governmental activities and the major fund of the Mar-Mac Unified Law Enforcement District (a 28E Organization) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents and have issued our report thereon dated October 8, 2008. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Mar-Mac Unified Law Enforcement District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mar-Mac Unified Law Enforcement District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Mar-Mac Unified Law Enforcement District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Mar-Mac Unified Law Enforcement District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood that a misstatement of the Mar-Mac Unified Law Enforcement District's financial

statements that is more than inconsequential will not be prevented or detected by the Mar-Mac Unified Law Enforcement District's internal control. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Mar-Mac Unified Law Enforcement District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, we believe the significant deficiency described above, item I-A-08 is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mar-Mac Unified Law Enforcement District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the Mar-Mac Unified Law Enforcement District and other parties to whom the Mar-Mac Unified Law Enforcement District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Mar-Mac Unified Law Enforcement District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Elkader, Iowa

October 8, 2008

*Dietz, Donald & Company*

Dietz, Donald & Company, CPA  
FEIN 42-1172392

MAR-MAC UNIFIED LAW ENFORCEMENT DISTRICT  
SCHEDULE OF FINDINGS  
Year Ended June 30, 2008

Part I: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

I-A-08 Financial Reporting - As is common in small organizations, the District does not prepare its financial statements, complete with notes, in accordance with U.S. generally accepted accounting principles. Accordingly, the District is unable to, and has not established internal controls over the preparation of financial statements.

Recommendation - As part of the audit, we have been requested to prepare a draft of the District's financial statements, including related notes to the financial statements. The District then performs a review of the financial statements. However, in order to provide improved oversight of the financial preparation services and implement controls over the financial reporting process the District should establish review policies and procedures including the performance of some or all of the following functions:

Review the adequacy of financial statement disclosures.

Review and approve schedules and calculations supporting amounts included in the notes to the financial statements.

Apply analytical procedures to the draft financial statements.

Apply other procedures as considered necessary by the District.

Response - We will consider this.

Conclusion - Response acknowledged.

Part II: Findings Related to Required Statutory Reporting:

II-A-08 Certified Budget - Disbursements for the period ended June 30, 2008 did not exceed the amounts budgeted.

- II-B-08 Questionable Disbursements - No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-08 Travel Expenses - No disbursements of District money for travel expenses of spouses of District officials or employees were noted.
- II-D-08 Business Transactions - No business transactions between the District and District officials or employees were noted.
- II-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-08 Commission Minutes - No transactions were found that we believe should have been approved in the Commission minutes but were not.
- II-G-08 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- II-H-08 Request for Proposal - The District did not send out requests for proposal in accordance with Chapter 11.6 before employing a Certified Public Accountant to conduct the audit.

Recommendation - A minimum of three requests for proposal should be sent out and responses evaluated before engaging a firm to conduct the audit.

Response - We will do this in the future.

Conclusion - Response accepted.